

Annual 2004 Report



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Letter from the Minister



MINISTER OF
ENERGY, SCIENCE AND TECHNOLOGY

Legislative Building
Winnipeg, Manitoba, CANADA
R3C 0V8

July 7th, 2004

The Honourable John Harvard
Lieutenant Governor of Manitoba
Room 235 Legislative Building
Winnipeg MB R3C 0V8

Your Honour:

I have the privilege of presenting the Manitoba Education, Research and Learning Information Networks (MERLIN) Annual Report for the operational year ending March 31, 2004.

Sincerely,

Tim Sale

Letter from the Deputy Minister

Manitoba

Deputy Minister of
Energy, Science and Technology



Room 349, Legislative Building
Winnipeg, MB R3C 0V8
CANADA

(204) 945-2771
(204) 948-2747 (FAX)

July 8, 2004

Honourable Tim Sale
Minister of Energy, Science and Technology
Room 333 Legislative Building
Winnipeg MB R3C 0V8

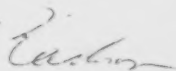
Dear Minister Sale:

I am pleased to submit the 2003-04 Annual Report of the Manitoba Education, Research and Learning Information Networks (MERLIN) special operating agency for the year ending March 31, 2004.

MERLIN is recognized by school divisions as a provincial body with an educational focus on technology. The Agency continues to provide services to school divisions that benefit learners in Manitoba.

I would like to take this opportunity to thank staff for the dedication and effort that has contributed to MERLIN's success.

Sincerely,


John Clarkson

Message from the Chief Operating Officer

On behalf of staff, I am pleased to report on the achievements of the Manitoba Education, Research and Learning Information Networks (MERLIN). During the past year, MERLIN continued to support and respond to the technical needs of the education community.

The implementation of the CyberSchools Education Portal has been ongoing. This Portal is available at no charge to Kindergarten to Senior 4 students, teachers, administrators and other school division staff. Thirteen school divisions have been transitioned in the past year.

The Agency has been working on a strategy to make the Provincial Data Network (PDN) available to schools as an additional connectivity option. We have conducted a successful pilot project with Swan Valley School Division, starting last September that has provided the information necessary to convince all parties that this is a very useful technology for schools.

Cost savings of over \$430,000 benefited school divisions in using the Agency's audio conferencing and provincial licensing services, exceeding the previous fiscal year.

The Agency has demonstrated sound financial management and achieved a surplus for the year ending March 31, 2004.

I would like to take this opportunity to thank the Advisory Board and major stakeholders for their support and advice throughout the year.



GREG BAYLIS
Chief Operating Officer

Agency Profile

BACKGROUND

Manitoba Education, Research and Learning Information Networks (MERLIN) was established in 1995 as a special operating agency with the Department of Education and Youth. It was formed as a facilitating body to coordinate the delivery of technology services to the education community across Manitoba.

Following a five-year Effectiveness Evaluation, MERLIN revisited its goals and objectives and re-focused its efforts to be more pro-active and responsive to the needs of the education community.

In October 2002, MERLIN was transferred to the newly formed Department of Energy, Science and Technology.

MISSION

- To support the use of technology in improving educational services to learners.

MANDATE

- Provide services that support educational institutions in the application of technology tools to enhance and expand program delivery; and
- Provide direction and management in the educational use of networks, acting as a broker of services to meet client needs.

CRITICAL SUCCESS FACTORS

- Focus on the K-S4 system
- Focus on provincial services
- Improve access to MERLIN's services for rural and northern schools
- Proactive planning

GOALS AND OBJECTIVES

Goals:

- Provide products and services in a manner which improves equity across the Province;
- Provide products and services that support self-sufficiency at the school division level;
- Support improved communication between the Department of Education, Citizenship and Youth and school divisions in the area of learning technologies;
- In consultation with the Department of Education, Citizenship and Youth, provide support and direction in distance learning initiatives with a focus on the technology infrastructures required to deliver distance learning opportunities;
- Support the goals of the Department of Energy, Science and Technology and the Department of Education, Citizenship and Youth;
- Be pro-active in embracing opportunities and fostering relationships to the advantage of the educational community.

Objectives:

- Aggregate demand across the Province for hardware and software to provide better opportunities for all divisions;
- Build on existing business relationships with suppliers to improve the range of connectivity options available to remote school divisions;
- Develop linkages with aboriginal organizations to improve their ability to take advantage of our initiatives;
- Provide services to rural and northern school divisions at costs similar to urban divisions to increase equity among all divisions;

Agency Profile

- Collaboratively develop provincial standards across the K-S4 system for use of information technology that will result in higher reliability and lower costs;
- Provide training to school divisions to assist them in acquiring the skills required to sustain operations and enhance their own technology infrastructures;
- Deliver specific services directly to those divisions where the technical resources are unavailable;
- Play a coordinating role in promoting a collaborative approach among school divisions in order to maintain standards and apply economies of scale;
- Continue to regularly meet, consult, discuss, and collaborate with the Department of Education, Citizenship and Youth and school divisions to strengthen ties between curriculum planning and technology supply.

SERVICES

Provincial Licensing/Purchasing:

Licensing and purchasing on a province-wide basis helps ensure consistency in hardware and software products and provides economies of scale for smaller school divisions.

- Purchase advice and assistance for hardware such as routers, switches and firewalls
- Negotiation of software licensing agreements and hardware discounts
- Advice on licensing and purchasing of software

Conferencing Services:

Audio Conferencing services provide school divisions and post-secondary institutions with an option for course delivery and communication. Other government departments and organizations subsidize the cost to education by using excess bridge time.

- Operation of a 68-port digital audio conference bridge
- Audio conferencing advice and consultation
- 24x7 technical support and maintenance

Internet Services:

- Internet account packages (school or individual teacher accounts)
- Dial-up modem pool
- High speed direct connect services
- Help line support (1-800 service and email)
- MERLIN Advisory (requiring immediate action from school divisions)
- Internet content filtering services for schools, school divisions, individual modem users
- Listservs (set-up and administration)

Web Delivery Services:

- Technical support of the WEB server
- Technical maintenance of the Departmental WEB page
- WebCT administration and maintenance
- Web and email hosting

Agency Profile

CyberSchools Education Portal:

This portal provides a safe and secure environment for Manitoba students to develop their skills in using the Internet in order to communicate easily and effectively with others in the electronic age. It is available at no charge to all K-S4 students, teachers, administrators and other school division staff. Each user is provided with –

- Personal email account
- Online calendar
- Network file storage
- Web space

Information Technology Services:

In general, these services fall within the areas of network, desktop, and security.

- Technical evaluations of computer equipment and networks
- Advice on the selection of technical equipment and services
- Support for the installation and maintenance of computer labs and systems
- Advice on technologies that support distance education delivery
- Research and development
- Router networks and support
- Network systems management
- Security services (Virtual Private Networks, Wide Area Networks, etc.)
- Facilitate and coordinate the IITV communications user group
- General support for the education community

Technical Training:

Customized training to school divisions assists them to sustain operations and enhance their own technology infrastructures. Training services are intended to provide education-specific training in areas where it might not normally be available.

- Support for applications of distance education
- Delivery of workshops and seminars on distance education topics
- Seminars and workshops related to the practical use of technology. Examples: Licensing; Network security; GroupWise; BorderManager; Basic network administration; Windows 2000/XP Professional; Desktop Management

Provincial Technology Standards:

MERLIN has a core of highly trained specialists who play a role in developing core infrastructures and technology standards. The intent is to lead a collaborative process with participation by the K-S4 community to develop and implement standards for the use of technology across Manitoba. This is an ongoing process and is intended to lead to lower costs for school divisions through standardization and collaboration.

- Create and maintain architectural design standards and models
- Develop and institute 'best practice' guidelines for installation and ongoing operation of hardware and software infrastructures
- Design an educational portal for cost-effective and efficient use of Internet connectivity

Agency Profile

MARKETS

Primary

Schools and school divisions (K-S4) comprised of approximately 39 school divisions, over 700 public schools, 94 independent schools and over 50 band-operated schools within approximately 62 First Nations.

Secondary

Approximately 7 post-secondary institutions, adult learners, Department of Education, Citizenship and Youth, Advanced Education and educational organizations

Tertiary

Other government departments and related organizations

While MERLIN does not have a monopoly for its services within the province, it does have a unique position in the education community allowing for the provision of an education-specific component to decision-making, provincial coordination, and advisory services. The Agency attempts to foster cooperative relationships with private industry to benefit the education community.

Agency Profile

ORGANIZATIONAL STRUCTURE

MERLIN's staff complement for FY2003-04 consisted of 12 regular plus 4 term staff positions. MERLIN's main office is located at the University of Manitoba in the Faculty of Education Building. A regional office is also located near Brandon.



The Chief Operating Officer provides direction and leadership to the Agency to meet the needs of clients within the framework of Government and Departmental policies and initiatives. He reports directly to the Deputy Minister of Energy, Science and Technology.

The role of the Advisory Board is to provide advice and feedback on the Agency's strategic direction, changes to its mandate, business practices and finances. The Board comments on the Agency's performance through the review of proposed business plans as well as quarterly and annual reports. The Advisory Board ensures that MERLIN's priorities are aligned with those of the Department of Education, Citizenship and Youth, the school system and the Department of Energy, Science and Technology. Most members have now served the 2-year appointment and new candidates for the Advisory Board are now under review.

Agency Profile

ADVISORY BOARD

MR. LARRY THIESSEN

*Chair, Computer Education Coordinators of
Manitoba (CECM) – Western Region
Southwest Horizon School Division*

MR. RICHARD INGIMUNDSON

*Chair, Computer Education Coordinators of
Manitoba (CECM) – Central Region
Lord Selkirk School Division*

MR. SAM STEINDEL

*Departmental Representative
Coordinator, Distance Learning &
Information Technologies Unit*

MRS. JEANNETTE FREESE

*Northern Representative
Kelsey School Division*

MR. JERRY STORIE

*Rural Representative
Superintendent, Turtle Mountain School Division*

MR. DON REECE

*Urban Representative
Director of Information Technology
Pembina Trails School Division*

MR. HOWARD BURSTON

*First Nations Representative
Computer Specialist/Technician
Manitoba First Nations Education Resource Center*

MR. GILBERT MICHAUD

*Departmental Representative
Special Projects Coordinator
Division du Bureau de l'Éducation Française*

MR. RICK HALEY (April – Sept 2003)

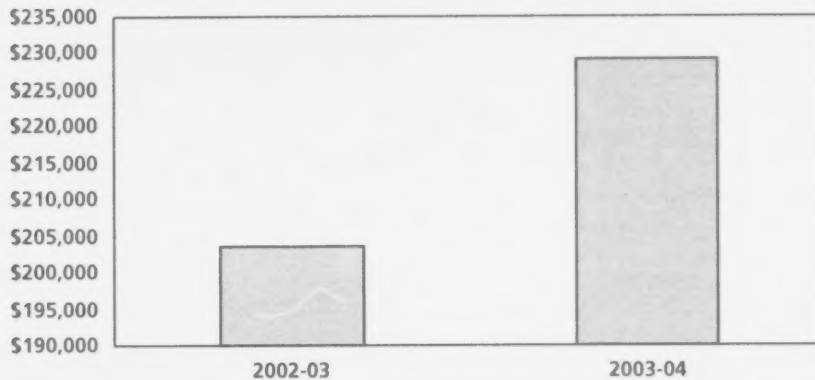
MR. REYNOLD REDEKOPP (Dec – March 2004)
*Manitoba Association of Computer Educators
(ManACE) Representative*

MR. GREG BAYLIS

Chief Operating Officer, MERLIN

Performance Review

Cost Savings to Education with Audioconferencing



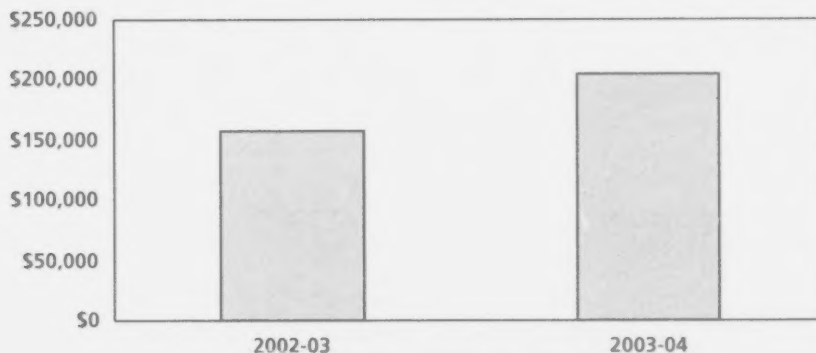
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"As time and technologies zoom by, it's reassuring to know that we can tap into the MERLIN staff and their resources for support in areas such as networks, licensing, and content filtering. Their team is approachable and timely in their response and advice. The service they provide is value-added to the advancement of technology in schools across the province."

School divisions have high hopes for the possibilities of the Manitoba CyberSchools' Portal, and we anticipate a variety of ways to utilize it for school administration systems; EIS; and communications. As we better identify ways to make effective use of the Portal we should expect marked improvements in how we integrate information and communication technologies in our schools."

Richard Ingimundson, Technology Coordinator, Lord Selkirk School Division

Cost Savings to Education with Provincing Licensing



Performance Review

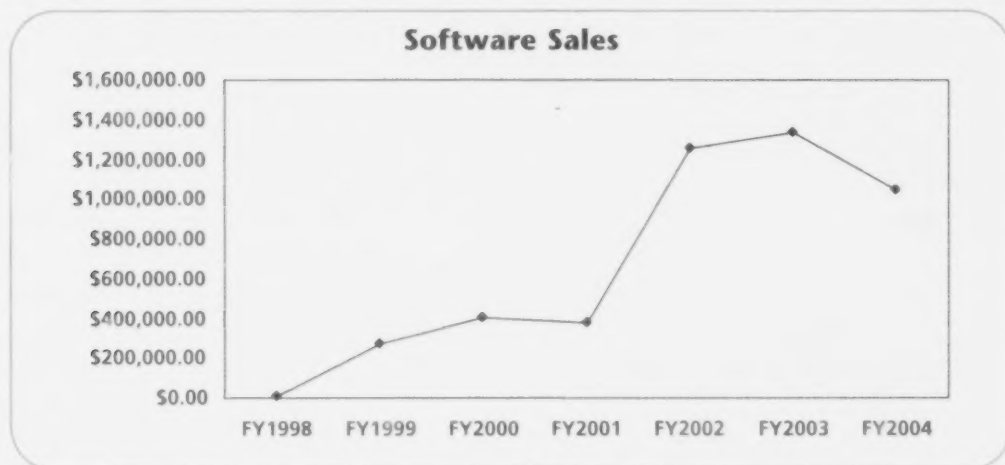
PERFORMANCE TARGETS AND ACCOMPLISHMENTS

Performance Areas

- Focus on the K-S4 system
- Focus on provincial services
- Improve access to MERLIN's services for rural and northern school divisions
- Encourage a culture that supports sustainable development practices in the workplace

The following services have made an impact on MERLIN's overall performance areas.

PROVINCIAL LICENSING AND PURCHASING



In the previous 2-year fiscal periods, many school divisions conducted software audits and purchased the necessary licenses that they required to ensure that their licenses were compliant. This would explain the decrease in sales in the 2003-04 fiscal year.

"MERLIN has been a tremendous resource for our school division this past year. Regardless of the issue, MERLIN personnel have been extremely responsive to our requests and provided a level of expertise that would otherwise be unavailable to our division staff. MERLIN personnel have assisted us with planning for technological upgrades and provided appropriate training for our technical personnel. As superintendent of a northern school division, I appreciate the access to MERLIN's services that our division has been afforded. Please keep up the good work!"

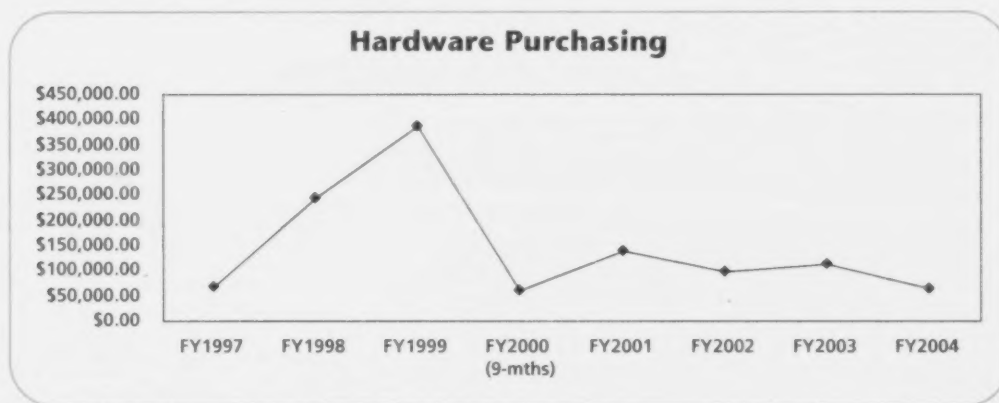
Al Gardiner, Superintendent, Kelsey School Division

Performance Review

Hardware Purchasing:

In 1996-97, MERLIN negotiated a Cisco Agreement that provided an educational discount off the retail price for all Cisco products. This Agreement expires in July 2004 and renegotiation will take place at that time.

The following chart includes sales on computer hardware, routers, switches, firewalls, virtual private networks (VPN) and miscellaneous items.



There is a decline in hardware sales this fiscal year. MERLIN is looking after the best interest of the education community and encourages schools to tender their larger orders. Other service providers are providing a more competitive discount on switches and routers.

INTERNET (Dial-up)

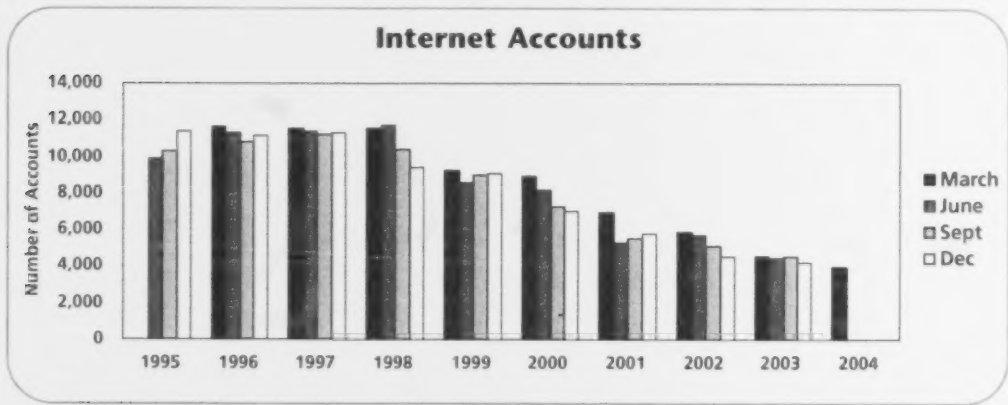
There are fewer MINET accounts today than when MERLIN was created. Our accounts peaked in June 1998. The decrease is due to school divisions running their own email servers in both rural and urban divisions. It is predicted that the majority of Internet accounts will be transitioned to the Manitoba CyberSchools Education Portal.

There have been discussions with Computer Coordinators in all school divisions regarding the viability of the MERLIN's Dial-up Internet service. With the introduction of high-speed Internet services from other providers, a large number of clients have left MERLIN. The Computer Coordinators, as a group, have indicated that the service is still valuable and have encouraged MERLIN to make whatever changes are necessary to ensure that teachers still have this option available to them. In response, the Agency has recently changed the rate structure and billing procedure to address these concerns. At this point in time, there is no reason why this service should not continue for the foreseeable future.

Performance Review

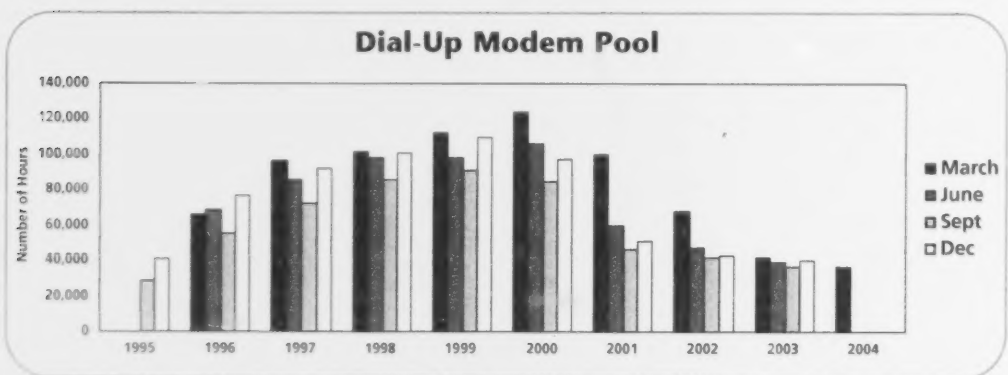
Internet Account Billing Information

- Beginning April 2004, invoices will be sent to home billed clients via email on a quarterly basis
- Clients will no longer be charged the annual fee of \$5.00 per school account or the \$25 fee for individual accounts.



Dial-Up Modem Pool:

The decline of modem connect hours is due to the switchover by school divisions to Digital Subscriber Line (DSL) and cable modems. The Agency anticipates that the gradual decline will continue in the next fiscal year.



Performance Review

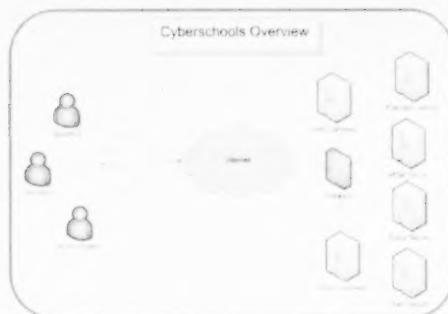
CYBERSCHOOLS EDUCATION PORTAL

This customized Portal provides:

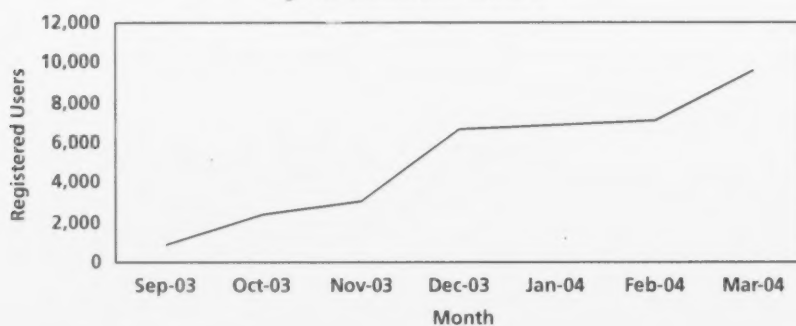
- Email, web-based calendar, file storage and personal web storage
- A safe, secure environment
- Password protected log-in
- Anti-virus and anti-spam filtering on emails
- All communication to/from the Portal is encrypted and
- All content on the Portal is accessible only by users on the CyberSchools Portal.

This Portal is available at no charge to Kindergarten to Senior 4 students, teachers, administration and other school division staff.

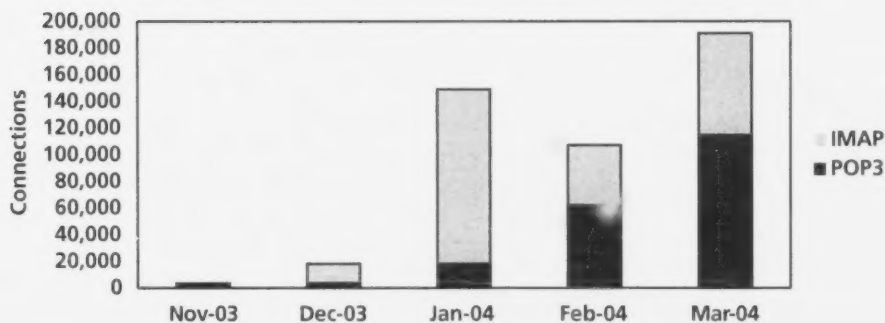
As of March 31, 2004, 13 school divisions have been transitioned onto the Portal.



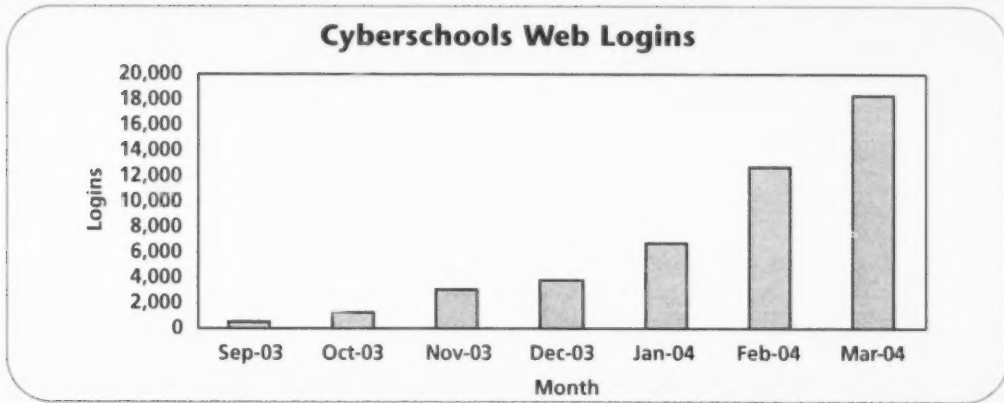
Cyberschools Users



Cyberschools Email Client Connections



Performance Review



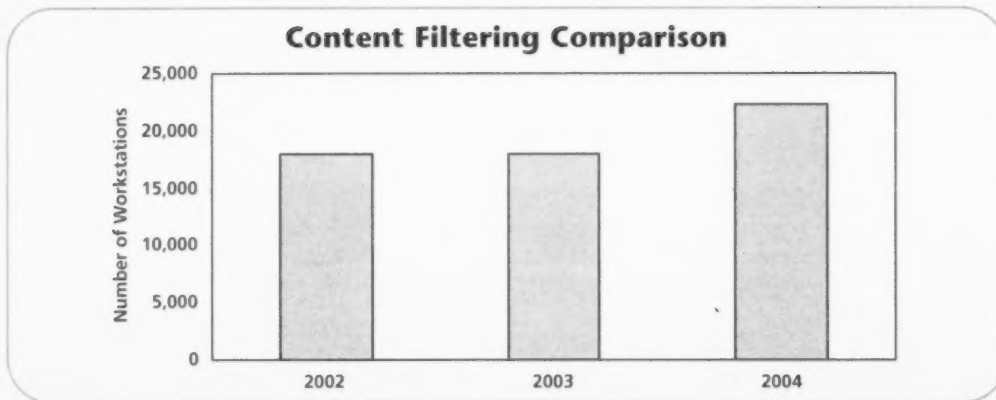
MERLIN will be upgrading the CyberSchools Portal to a new platform in the next months. The new platform will provide improved administrative utilities and improved performance and scalability.

High Speed Direct Connect Services:

- MERLIN staff continue to update an Internet connectivity database for schools in Manitoba.
- The Agency has been working over the course of the year on a strategy to make the Provincial Data Network (PDN) available to schools as an additional connectivity option. Staff have conducted a successful pilot project with Swan Valley School Division, starting last September that has provided the information necessary to convince all parties that this is a very useful technology for schools.
- In the past year, the Seine River School Division and the Division scolaire franco-manitobaine (DSFM) have connected to Manitoba Regional Advanced Network (MRnet). MRnet is Manitoba's connection to high-speed (at least 1 Gb/s) education and research networks including CA*net 4. MERLIN is the gateway organization for K-S4 school connectivity to CA*net 4.

Performance Review

Content Filtering:

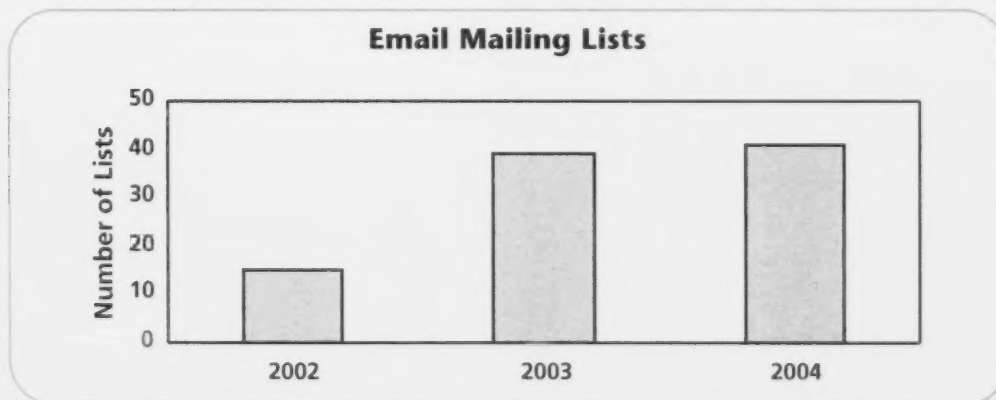


The number of workstations being filtered has grown from 18,000 to 22,295 since July 1, 2001. There are presently 13 school divisions and two private schools involved in this program. MERLIN will be entering a new 3-year provincial Content Filtering Agreement effective July 1, 2004. The impact is long-term cost-savings to school divisions through discounted fees as well as reduced staff time and training resources.

MERLIN updated the content filtering infrastructure. This adds the ability to control and shape Internet traffic.

Email List Server:

This electronic mail discussion list gives each mailing list a unique web page and allows users to subscribe, unsubscribe, and change their account options over the web. To date, there have been 41 lists created.



Performance Review

Web Delivery:

- MERLIN continued to provide technical support of the web server and maintenance of the Department of Education, Citizenship and Youth's web page.
- The Agency hosted on its servers, a number of secondary school courses for web-based distance delivery. This provided an opportunity for teachers to create and deliver courses and for students to access courses not otherwise available. There have been version upgrades to the WebCT software in August 2003 and in March 2004.
- MERLIN also provided web and email domain hosting. This service allows education and educational organizations to have a presence on the Internet at very affordable rates.

Technical evaluations of computer equipment and networks:

- MERLIN – provided technical advice on best practices and long-range technology plans for schools in Manitoba.
- A number of network reviews were provided to schools.

General support to the education community:

- MERLIN staff is Treasurer of the Manitoba Regional Advanced Network (MRnet)
- MERLIN staff member is Vice Chair of the Computers for Schools' Advisory Board
- MERLIN staff member is Co-chair of the conference planning committee and Vice President of Manitoba Association of Distributed Learning and Training (MADLaT). This consisted in planning an annual 2-day conference to provide professional development on distance and distributed learning. MERLIN's audio conferencing bridge was used for planning these meetings.
- MERLIN's 7th Annual Technology Day was planned. MERLIN's 6th Annual Technology Day took place in April 2003. Thirty-three out of thirty-eight school divisions were represented.
- The Agency distributed the MERLIN Newsletter to the education community in March 2004.
- The Agency's help line continued to be widely used for free technical support on concerns ranging from Internet access to network and computer hardware issues, responding to thousands of enquiries.
- MERLIN staff attended meetings with the Computer Education Coordinators of Manitoba (CECM) with both the Central and the Parkland/Westman regions.
- Staff assisted with the Youth Town Hall at Rural Forum in Brandon in April 2003.
- The Agency attended WebCT meetings with Manitoba Education, Citizenship and Youth, Assiniboine Community College, Keewatin Community College, Red River College, Brandon University, University of Manitoba and University of Winnipeg
- Staff attended the Manitoba Association of School Superintendents Annual Conference in November 2003.
- MERLIN staff assisted with planning for CECM Parkland/Westman's first annual Build Your Teaching Experience Conference (BYTE 2004) which took place in February 2004.
- MERLIN staff attended the Post Secondary Education Committee on Learning Technologies (PSECLT) meetings on a regular basis.

Performance Review

TECHNICAL TRAINING

Customized training to school divisions assists them to sustain operations and enhance their own technology infrastructures. Training services are intended to provide education-specific training in areas where it might not normally be available. MERLIN is responsive to the needs of school divisions and organizes workshops and training sessions to meet their expressed needs. School division technicians, computer coordinators, teachers, and administrative staff attend MERLIN's workshops. Whenever possible, MERLIN delivers workshops in rural communities making the training more accessible to rural school divisions.

SEMINARS AND/OR WORKSHOPS DELIVERED (April 1, 2003 to March 31, 2004)

- "CyberSchools Manitoba – An Educational Portal for Manitoba Students and Teachers" – May 8 & 9, 2003 (2 workshops at the Riding the Wave Annual Conference in Gimli)
- CyberSchools Demonstration – June 3, 2003
- "Novell's Custom Onsite Training on Netware 6 and ZENworks for Desktops 4" – July 7 to 11, 2003 (5-day)
- "Upgrading your skills from Microsoft Windows NT 4.0 for Microsoft Windows Server 2003" (5-day) – August 11 to 15, 2003
- "Upgrading your skills from Microsoft Windows NT 4.0 for Microsoft Windows Server 2003" (5-day) – August 18 to 22, 2003
- CyberSchools Presentation – September 25, 2003
- CyberSchools Presentation – October 3, 2003
- CyberSchools Presentations (2) – October 22, 2003 at Tech2003 (Brandon)
- CyberSchools Presentation – November 6, 2003
- CyberSchools Presentation – November 14, 2003
- Software Licensing – November 21, 2003
- CyberSchools Training – November 24, 2004
- CyberSchools Training – December 11, 2003

CLIENT

- Various school divisions across the province attended these two sessions.
- Various school divisions
- School divisions included: Evergreen; Flin Flon; Frontier; Garden Valley; Hanover; Kelsey; Lord Selkirk; Mountain View; Park West; Prairie Rose; Rolling River; Westgate Mennonite Collegiate; Winnipeg
- School divisions included: Evergreen; Frontier; Interlake; Lord Selkirk
- Pembina Trails School Division; Prairie Spirit School Division; Faith Academy
- Southwest Horizon School Division
- Fort La Bosse School Division
- Various school divisions, government representatives and community members
- Manitoba Association for Computing Educators (ManACE)
- Prairie Rose School Division, Prairie Spirit School Division
- Manitoba Association of School Business Officials (MASBO)
- Brandon School Division, Southwest Horizon School Division
- Seine River School Division

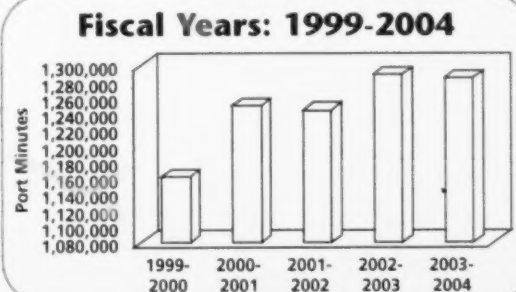
Performance Review

AUDIO CONFERENCING

MERLIN operates a 68-port digital audio bridge that provides school divisions and post-secondary institutions with an option for course delivery and communication. Government departments and related organizations subsidize the cost to education through use of excess bridge time. Costs are approximately 30% less than the public service provider rates.

An upgrade to the audio conference bridge took place in August 2003.

Fiscal Years	Total Port Minutes
1999-2000	1,162,508
2000-2001	1,250,741
2001-2002	1,245,212
2002-2003	1,288,770



Client Base,	2002-2003	2002-2003	Expl.
Teacher-Mediated Option	670,097	670,424	
Post-Secondary	95,805	31,379	
Red River College	185,332	186,270	
Dep't Education	60,398	23,566	*
School Divisions	9,150	5,380	
Other Departments	211,829	251,744	
External Organizations	41,150	103,521	
MERLIN	15,009	12,764	

* Responsibility for the Forum of Labour Market Ministers (FLMM) was transferred to another province resulting in their port minutes falling under External Organizations

"MERLIN has been providing bridge service to the Teacher Mediated Option for the last 9 years. The service has been very reliable and the technical support has been very prompt and professional. Cathy and Darrell are great to work with and always willing to go the extra mile to help make our program successful. Keep up the good work!"

Karen Paulson
Consultant Teacher
Mediated Option & Online
Learning Distance Learning
& Information Technologies
Unit, Manitoba Education,
Citizenship & Youth

Performance Review

Encourage a culture that supports sustainable practices in the workplace:

Accomplishments:

- Using recycled paper
- Paper shredding for recycling
- Sharing rides where possible
- Turning off computers and monitors when not in use
- Turning off lights when not in use
- Using glass rather than paper or styrofoam plates and cups
- One third of staff participated in the Commuter Challenge
- Increased use of audio conferencing for staff meetings and other meetings
- Visited government departments and school divisions on MERLIN's audio conferencing service to bring awareness that this is a sustainable practice by the Manitoba Government Sustainable Development Committee
- Created a process for emailing out Internet invoices to clients

FUTURE OUTLOOK

School Division Visits

In 2001, school divisions throughout Manitoba participated in discussions with MERLIN designed to explore the Agency's role with the divisions and the education community. This took place in the form of focus groups and produced very positive results in terms of how the Agency provide services and collaborate with divisions. It resulted in a change in the way we do business. One example would be the introduction of subsidized travel to rural school divisions in order to provide an equal opportunity for them to access our technical and consulting services.

MERLIN is again re-examining its role with school divisions to understand whether the Agency continues to be responsive to stakeholder needs, or whether new technologies, products, or circumstances have changed the concerns of schools. The Agency is interested in identifying new avenues and services, as well as opportunities for improvement and change within MERLIN that will evolve with and reflect needs within the education community.

Meetings with Superintendents, Secretary-Treasurers and Computer Coordinators have been initiated. The Agency is targeting the end of June 2004 to compile a report on feedback received. The intent is to pull together common interests and suggestions from school divisions and possibly respond to concerns which fall within MERLIN's mandate and perhaps revisit the mandate where new concerns have been identified.

"Over the past three years, the Manitoba Association of Distributed Learning and Training (MADLaT) has used MERLIN's audio conferencing bridge for board and committee meetings and conference planning meetings. This access has provided MADLaT volunteers who live and work in many locations across Manitoba, with a mechanism to establish a much needed provincial organization of individuals and corporate members interested in distributed learning and training in Manitoba. Individuals include members from K to S4 and post-secondary educational institutions, private trainers, multimedia providers and information technology providers and corporations. We are truly thankful for MERLIN's support."

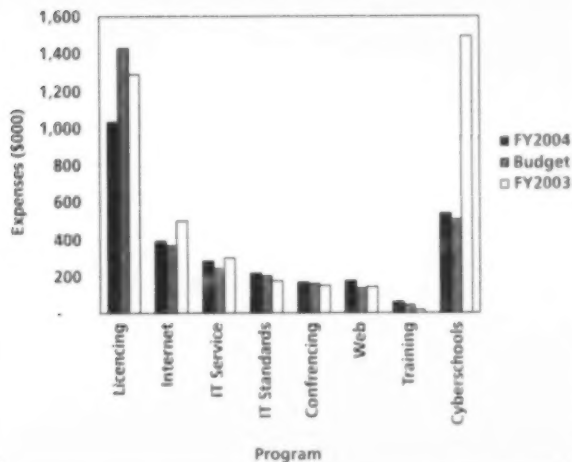
Bonnie Proven, President
MADLaT

Academic Director,
Information Technologies
Division

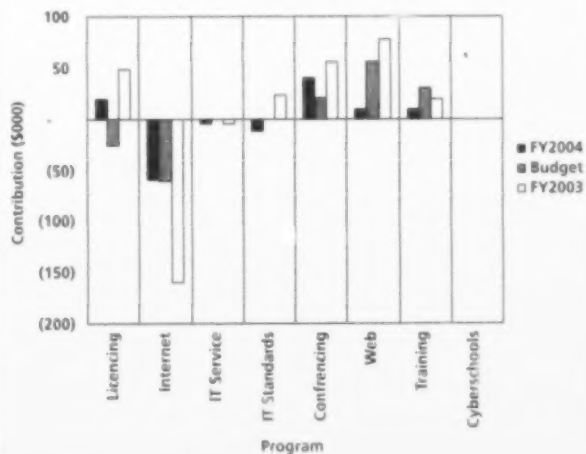
Assiniboine Community
College

Financial Statement Analysis

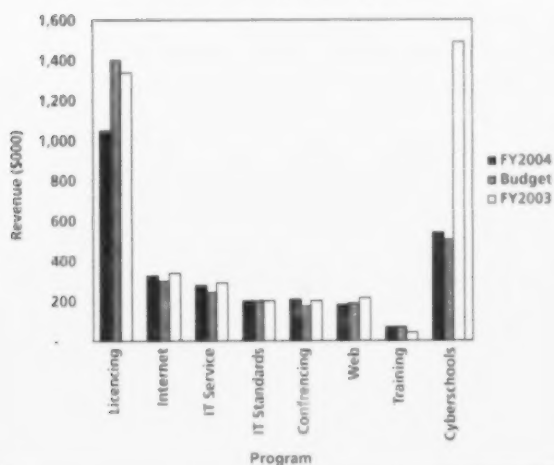
Expenses by Program



Contribution by Program



Revenue by Program



Management Report

M·E·R·L·I·N

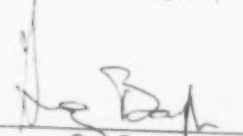
Manitoba • Education • Research • Learning • Information • Networks

The accompanying financial statements are the responsibility of the Management of Manitoba Education, Research and Learning Information Networks (MERLIN) and have been prepared in accordance with Canadian generally accepted accounting principles. In Management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating Management's best judgement regarding all necessary estimates and all other data available up to May 26, 2004.

Management maintains internal controls to properly safeguard MERLIN's assets. These controls also provide reasonable assurance that the books and records from which financial statements are derived accurately reflect all transactions, and that established policies and procedures are followed.

The Auditors' responsibility is to express an independent opinion on whether the financial statements of MERLIN are fairly presented in accordance with Canadian generally accepted accounting principles. The Auditors' report outlines the scope of the audit examination and provides an audit opinion.

On behalf of Management,


Greg Baylis
Chief Operating Officer


David Olafson
Controller

Manitoba Education, Research and Learning Information Networks (MERLIN)
May 26, 2004

Room 137 - Education Building, University of Manitoba, Winnipeg, MB R3T 2N2
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MERLIN is a special operating agency with the Department of Energy, Science and Technology

www.merlin.mb.ca

MERLIN

Financial Statements

Year ended March 31, 2004



BDO Dunwoody LLP
Chartered Accountants
and Advisors
www.bdo.ca

500-200 Carlton Avenue
Winnipeg, Manitoba, Canada R3C 4T8
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Auditors' Report

To the Special Operating Agencies Financing Authority

We have audited the balance sheet of **MANITOBA EDUCATION, RESEARCH AND LEARNING INFORMATION NETWORKS**, an Agency of the Special Operating Agencies Financing Authority, Province of Manitoba as at March 31, 2004 and the statements of income and deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants

Winnipeg, Manitoba
May 26, 2004

BDO Dunwoody LLP is a Limited Liability Partnership registered in Ontario

Financial Statements

Year ended March 31, 2004

BALANCE SHEET

(in thousands of dollars)

	2004	2003
ASSETS		
CURRENT ASSETS		
Cash and funds on deposit	\$ 652	\$ 503
Accounts receivable	185	298
Prepaid expense	131	49
	<u>968</u>	<u>850</u>
RECEIVABLE FROM THE PROVINCE OF MANITOBA (note 2)	47	47
CAPITAL ASSETS (note 3)	229	343
	<u>\$ 1,244</u>	<u>\$ 1,240</u>
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 208	\$ 462
Unearned revenue	71	80
Trust liabilities (note 6)	1	87
	<u>280</u>	<u>629</u>
CYBERSCHOOLS (note 7)	1,227	887
SEVERANCE PAY LIABILITY (note 8)	66	58
	<u>1,573</u>	<u>1,574</u>
COMMITMENTS (note 10)		
DEFICIT (page 25)	(329)	(334)
	<u>\$ 1,244</u>	<u>\$ 1,240</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Financial Statements

Year ended March 31, 2004

STATEMENT OF INCOME AND DEFICIT

(in thousands of dollars)

	2004	2003
REVENUE		
Province of Manitoba - Energy, Science and Technology Funding	\$ 445	\$ 445
Fee for service	1,862	2,178
Other	22	2
Cyberschools	535	1,493
Total Revenue	2,864	4,118
EXPENSES		
Advertising and promotion	23	10
Amortization	123	124
Audit and legal fees	30	23
Bad debts	-	2
Communications	180	281
Conferences	32	-
Cost of purchases for resale	906	1,119
Cyberschools salaries and benefits	87	8
Cyberschools other expenses	448	1,485
Equipment repair and maintenance	79	58
Interest	-	12
Occupancy Costs	54	54
Office and miscellaneous	21	23
Professional development	16	14
Purchased services	8	6
Salaries and benefits	819	803
Travel	33	36
	2,859	4,058
NET INCOME FOR THE YEAR	5	60
DEFICIT - BEGINNING OF YEAR	(334)	(394)
DEFICIT - END OF YEAR	\$ (329)	\$ (334)

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Financial Statements

Year ended March 31, 2004

STATEMENT OF CASH FLOWS

(in thousands of dollars)

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	\$ 5	\$ 60
Adjustment for Amortization	123	124
	<u>128</u>	<u>184</u>
Changes in non-cash working capital		
Accounts receivable	113	(6)
Prepaid expenses	(82)	1
Accounts payable	(254)	241
Unearned revenue	(9)	41
Trust liability	(86)	(22)
	<u>(318)</u>	<u>255</u>
	<u>(190)</u>	<u>439</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital assets	<u>(9)</u>	<u>(112)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Severance liability	8	6
Cyberschools	340	887
	<u>348</u>	<u>893</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>149</u>	<u>1,220</u>
CASH (WORKING CAPITAL ADVANCES) - BEGINNING OF YEAR	<u>503</u>	<u>(717)</u>
CASH - END OF YEAR	<u>\$ 652</u>	<u>\$ 503</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Summary of Significant Accounting Policies

Year ended March 31, 2004

BASIS OF REPORTING

The financial statements of the Agency are presented in accordance with Canadian generally accepted accounting principles.

CAPITAL ASSETS

Capital assets are recorded at cost and are amortized annually on a straight-line basis as follows:

Computer hardware	20%
Computer software	20%
Equipment and furniture	20%

In the period of acquisition, amortization is calculated at one-half the rate indicated.

FINANCIAL INSTRUMENTS

The Agency's financial instruments consist of cash and funds on deposit, accounts receivable, accounts payable and accrued expenses, trust liabilities and severance pay liability. Unless otherwise noted, it is management's opinion that the Agency is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Notes to Financial Statements (in thousands of dollars)

Year ended March 31, 2004

1 NATURE OF ORGANIZATION

Effective April 1, 1995, Manitoba Education, Research and Learning Information Networks (MERLIN) was designated as a Special Operating Agency pursuant to The Special Operating Agencies Financing Authority Act, Cap S185, C.C.S.M. and operates under a charter approved by the Lieutenant Governor in Council. Effective September 25, 2002, the Agency operates as part of Energy, Science and Technology, under the general direction of the Deputy Minister.

The Agency is financed through the Special Operating Agencies Financing Authority (SOAFA). SOAFA has the mandate to hold and acquire assets required for and resulting from Agency operations. It finances the Agency through repayable loans and working capital advances. This financial framework enables the Agency to operate in a businesslike manner according to public policy expectations.

A Management Agreement between SOAFA and the Minister of Energy, Science and Technology assigns responsibility to the Agency to manage and account for the Agency related assets and operations on behalf of SOAFA.

The Agency remains bound by relevant legislation and regulations. It is also bound by administrative policy except where specific exemptions have been provided in its charter in order to meet business objectives.

The Agency is economically dependent on the Province of Manitoba as it derives much of its revenue and all of its financing requirements from the Province.

2 RECEIVABLE FROM THE PROVINCE OF MANITOBA

The receivable from the Province of Manitoba is made up of vacation entitlement earned by the employees of the Agency prior to creation of the Special Operating Agency on April 1, 1995 and for severance pay benefits earned prior to April 1, 1998. This receivable, or portion thereof, for the Agency, will be collected in the event there is a cash shortfall. However, this is only likely to happen on dissolution of the Agency.

The balance is consists of:

	2004		2003	
Vacation entitlements	\$	19	\$	19
Severance pay benefits		28		28
	\$	47	\$	47

Notes to Financial Statements (in thousands of dollars)

Year ended March 31, 2004

3 CAPITAL ASSETS

	2004		2003	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer hardware	\$ 451	\$ 271	\$ 451	\$ 194
Computer software	47	43	52	40
Equipment and furniture	159	114	184	110
	\$ 657	\$ 428	\$ 687	\$ 344
Cost less accumulated amortization	\$ 229		\$ 343	

4 WORKING CAPITAL ADVANCES

These advances are provided to the Agency through the Special Operating Agencies Financing Authority pursuant to the Management Agreement. The Agency has an authorized line of working capital advances of \$2.0 million.

During the year, the Agency incurred interest charges of \$NIL (2003 - \$12).

5 ACCRUED VACATION ENTITLEMENTS

The Agency follows the policy of the Department of Finance to recognize accumulated vacation entitlement liability. The liability is offset by a receivable from the Province of \$19, which was the balance as at March 31, 1998. Any subsequent changes to the entitlement are reflected as a current year expense to the Agency. At March 31, 2004, the accrued vacation entitlement was \$92 (2003 - \$70).

6 TRUST LIABILITIES

The Agency entered into an agreement with Industry Canada to operate a Grassroots Internet project for both Manitoba and Canadian Schools. The balance in the account represents funds paid to the Agency but not yet disbursed to the schools.

	2004		2003	
Grassroots Internet	\$	1	\$	87

Notes to Financial Statements (in thousands of dollars)

Year ended March 31, 2004

7 CYBERSCHOOLS

The Agency has entered into an agreement with Community Connections to develop, implement and operate a province-wide communication gateway/portal to support K-S4 education and Community Connections lifelong learners. The service will include access to secure email, calendars, and file storage.

Receipts and disbursements are as follows:

	2004	2003
Deferred balance, beginning of year	\$ 887	\$ -
Receipts	875	2,380
Disbursements	(535)	(1,493)
Deferred balance, end of year	\$ 1,227	\$ 887

8 SEVERANCE PAY LIABILITY

Effective April 1, 1998, the Agency began recording accumulated severance pay benefits for its employees. The estimate of the liability at that time was based on an actuarial valuation report.

The Province has accepted responsibility for the severance benefits accumulated by the Agency's employees to March 31, 1998. Accordingly, the opening severance pay liability balance as at April 1, 1998 calculated at \$28 was completely offset by a receivable from the Province.

In accordance with the formula provided in the most recent actuarial valuation report (March 31, 2000), the Agency's liability has been calculated to be \$66 as at March 31, 2004 (\$58 - March 31, 2003).

Notes to Financial Statements (in thousands of dollars)

Year ended March 31, 2004

9 REVENUE - MANITOBA EDUCATION, CITIZENSHIP AND YOUTH

The Agency is responsible for the delivery of distance education and technology programs formerly provided through the Manitoba Education, Citizenship and Youth. The Agency receives a fee from the Department, established annually and paid quarterly, in exchange for delivery of these services.

10 COMMITMENTS

The Agency leases office space under a long-term lease. The future minimum payments required under these leases over the next three fiscal years are:

2005	\$ 52
2006	52
2007	26

11 COMPARATIVE FIGURES

Certain of the comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

12 PUBLIC SECTOR COMPENSATION

Pursuant to The Public Compensation Disclosure Act, employees of MERLIN who have received compensation of \$50 or more, including benefits and severance payments, in the year ended March 31, 2004 are disclosed in the Special Operating Agency Financing Authority (SOAFA) Annual Report.

AN AGENCY OF THE SPECIAL OPERATING AGENCIES FINANCING AUTHORITY
PROVINCE OF MANITOBA

Schedule to Financial Statements

Year ended March 31, 2004

Schedule of Operating Results by Functional Area (in thousands of dollars)

	2004	2003
REVENUE		
Provincial licencing and purchasing	\$ 1,051	\$ 1,337
Internet services	329	338
Information technology services	283	293
Provincial technology standards	205	200
Electronic conferencing	210	203
Web delivery services	182	215
Technical training services	69	39
Cyberschools	535	1,493
Total Revenue	2,864	4,118
EXPENSES		
Provincial licencing and purchasing	1,032	1,288
Internet services	388	497
Information technology services	287	298
Provincial technology standards	216	177
Electronic conferencing	170	148
Web delivery services	172	137
Technical training services	59	20
Cyberschools	535	1,493
Total Expenses	2,859	4,058
NET INCOME (LOSS)		
Provincial licencing and purchasing	19	49
Internet services	(59)	(159)
Information technology services	(4)	(5)
Provincial technology standards	(11)	23
Electronic conferencing	40	55
Web delivery services	10	78
Technical training services	10	19
Cyberschools	-	-
Total net income for the year	5	60
DEFICIT - BEGINNING OF YEAR	(334)	(394)
DEFICIT - END OF YEAR	\$ (329)	\$ (334)

M·E·R·L·I·N

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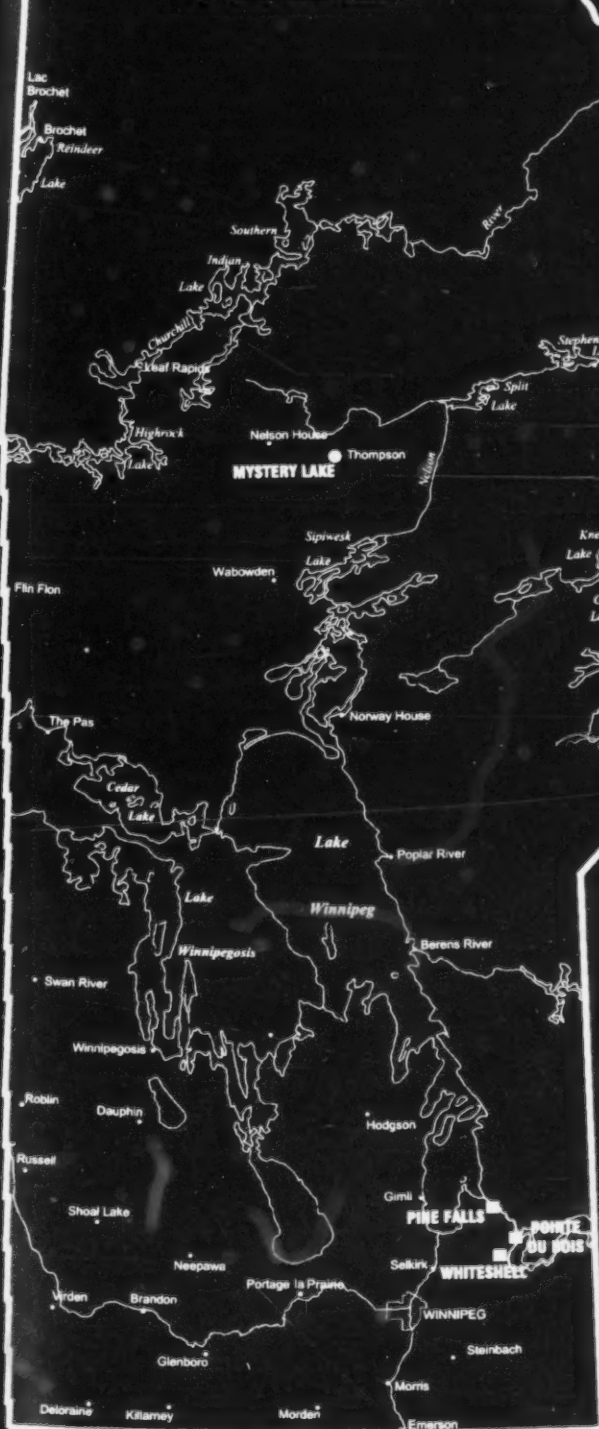
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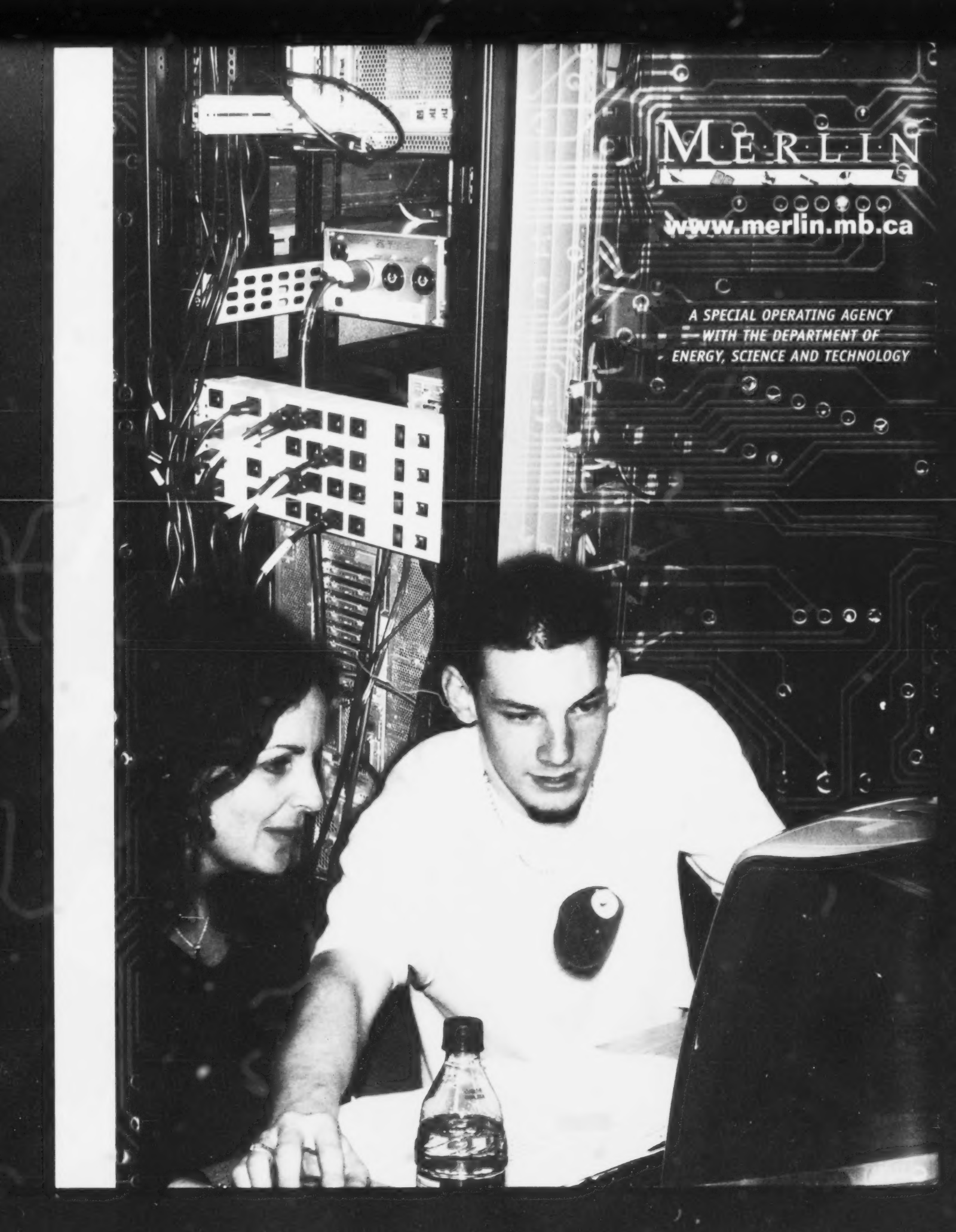
School Divisions and Districts

- Special Revenue Districts
- Remote School Districts



Winnipeg School Divisions





MERLIN

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A SPECIAL OPERATING AGENCY
— WITH THE DEPARTMENT OF
ENERGY, SCIENCE AND TECHNOLOGY